

Company Registration No. 03287264 (England and Wales)

**DIGITAL PROJECTION LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

# DIGITAL PROJECTION LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M Hao K Ka M N Levi D J Quinn C C Chang
<b>Secretary</b>	St Pauls Secretaries Limited 1 St. Pauls Square Liverpool L3 9SJ
<b>Company number</b>	03287264
<b>Registered office</b>	Greenside Way Middleton Manchester M24 1XX M24 1XX
<b>Auditor</b>	Azets Audit Services Alpha House 4 Greek Street Stockport Cheshire SK3 8AB
<b>Bankers</b>	Citibank N.A Citi Group Centre Canada Square Canary Wharf London E14 5LB
<b>Solicitors</b>	Hill Dickinson LLP 50 Fountain Street Manchester M2 2AS

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# DIGITAL PROJECTION LIMITED

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# **DIGITAL PROJECTION LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their strategic report and directors' report on the affairs of the Company, together with the financial statements and independent auditors' report, for the year ended 31 December 2019.

#### **Principal activity**

The principal activity of the Company continues to be the research, design, manufacture and sale of electronic video projectors based upon DLP™ technology jointly developed with Texas Instruments. The Company headquarters are in Middleton, Manchester where products are developed. Sales are made world-wide.

#### **Review of the business**

Revenue during the year increased to £20,647,000 (year ended 31 December 2018: £17,374,000). The increase is due to higher sales volumes, and gross margin was 38.2% (2018:39%). The resulting operating profit of £2,254,000 for the year compared to the operating profit of £2,441,000 for 2018.

The exchange rate of the US\$ against the pound has moved significantly during the year, with the result that the operating profit for 2019 included a profit on exchange of £440,000 compared to a profit of £880,000 in 2018. The profit before tax was £2,199,000 (2018: £2,402,000)

During the year attention continued to be given to minimising working capital requirements. The net current assets / (liabilities) of the company at the year-end of £15,167,000 (2018 (£7,489,000) reflects the waiver of balances to group undertakings.

#### **Future developments**

The directors expect the general level of activity to decrease in 2020 following the impact of Covid 19 but to recover steadily in future in line with the Company's plan from growth and expansion.

The Company has devoted substantial resources to research and development during the year. This, together with contracts with outside parties, will enable the Company to maintain its leading position in technology and design.

#### **Strategy and objectives**

The Company continues to maintain its place as a world-wide leader in the technology of digital projection utilising DLP™ and new products incorporating the latest advancements continue to be brought on line. The introduction of new products results in substantial development costs being incurred, as shown in note 4.

#### **Key performance indicators**

The directors do not believe there are any further relevant financial and non-financial key performance indicators requiring disclosure, other than those disclosed above.

#### **Financial risk management**

The Company's prime areas of financial risk include foreign currency exchange, the control of adequate liquidity, and the maintenance of adequate credit from suppliers. The Company does not utilise forward foreign exchange contracts as it is able to match its purchases in the same currency as its sales. Liquidity is closely monitored and controlled. Credit obtainable from suppliers is agreed in advance. Any potential credit risk from receivables is minimised by credit insurance or payments being obtained in advance.

# **DIGITAL PROJECTION LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Principal risks and uncertainties**

The board acknowledges the risks from competitors, the reliance on key suppliers, the funding requirements needed to maintain its commitment to research and development, the need to constantly introduce new products incorporating the latest advances in technology, and foreign exchange issues. The board seeks to minimise these risks wherever possible, and they are regularly reviewed through management reporting and planning processes.

At the time of approving the financial statements the full impact of the Corona virus pandemic on the UK and Global economy is uncertain and the effect, both immediate and long term, this may have on the company, its customers and suppliers is unknown. The Directors are in discussion with the company's customers, suppliers and bankers as to the immediate impact of the Corona virus .

### **Going concern basis**

In carrying out their duties in respect of going concern, the directors have carried out a review of the Company's financial position and cash flow forecast for a period of 12 months from the date of approval of these financial statements. The forecasts have been based on a comprehensive review of revenue , expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

To ensure the continuation of the Company the directors regularly review the cash flows of the Company both in the short and medium term, have a thorough approach to managing the working capital and hold regular reviews with each operating unit in the country of operation, which includes an assessment of any bad debt risk or inventory obsolescence concerns. This is supported by regular monitoring of key performance indicators.

The Company's ability to continue as a going concern depends on it being able to respond to market trends and to capture new business opportunities arising in the projection market. The business continues to evolve in response to customers' needs, in particular applying products and technologies across the different customer base with value added solutions. The balance sheet has been strengthened by the waiver of balances to group undertakings, however the company is still dependent on the continuance of extended payment terms and financial support from group.

Post balance sheet, the global economy has been affected by the Coronavirus pandemic. This has had an impact on manufacturing and supply of products, and customer demand. At the time of approving the financial statements the full impact of the Corona virus pandemic on the UK and Global economy is uncertain and the effect, both immediate and long term, this may have on the company, its customers and suppliers is unknown.

The Directors continue to monitor the situation and the effect this has on liquidity and solvency and to consider mitigation of the negative impact of the pandemic through use of Government financial support packages.

The Company is now wholly owned by Delta International Holding Limited who provide financial resource to the company and the group through favourable trading arrangements and extended payment terms. The directors report to the larger group and have a reasonable expectation that the group will continue to support the company such that it can continue to meet its financial obligations as they fall due. Accordingly the Directors have presented the financial statements on a going concern basis.

On behalf of the board

M Hao

**Director**

18 September 2020

# DIGITAL PROJECTION LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Hao  
K Ka  
M N Levi  
D J Quinn  
C C Chang

#### Results and dividends

The results for the year ended 31 December 2019 are set out in the income statement on page 8. The directors are unable to recommend the payment of a dividend (2018: same). The balance sheet shows net assets /( liabilities) of £15,647,000 (2018: (£7,245,000)) attributable to ordinary shareholders. Future developments relating to the company are discussed on page 1 of the strategic report.

#### Post reporting date events

The company's intermediate parent company, Digital Projection International Limited, became a wholly owned subsidiary of Delta International Holding Limited following its purchase of shares on 7 January 2020 from Luxeon International Holding Limited, a company incorporated in British Virgin Islands.

#### Auditor

In accordance with the company's articles, a resolution proposing Azets Audit Services (formerly trading as Booth Ainsworth Audit Services ) be reappointed as auditors of the company will be put at a general meeting.

#### Financial risk management

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Financial risk management.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Directors' liabilities

The Company's Articles of Association permit the Company to indemnify Directors of the Company in accordance with the Companies act 2006. The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance.

**DIGITAL PROJECTION LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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On behalf of the board

M Hao  
**Director**

18 September 2020

## **DIGITAL PROJECTION LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# DIGITAL PROJECTION LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DIGITAL PROJECTION LIMITED

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#### Opinion

We have audited the financial statements of Digital Projection Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on financial resources continuing to be made available through trading arrangements and extended payment terms offered by the parent company and group undertakings. Whilst the Directors have a reasonable expectation of the continuation of such support, the facilities are not guaranteed and this, along with the other matters explained in the summary of significant accounting policies, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company's financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# DIGITAL PROJECTION LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DIGITAL PROJECTION LIMITED

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### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **DIGITAL PROJECTION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)** **TO THE MEMBERS OF DIGITAL PROJECTION LIMITED**

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#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Don Bancroft (Senior Statutory Auditor)**  
**for and on behalf of Azets Audit Services**

22 September 2020

**Statutory Auditor**

Alpha House  
4 Greek Street  
Stockport  
Cheshire  
SK3 8AB

## DIGITAL PROJECTION LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Turnover	3	20,647	17,374
Cost of sales		(12,760)	(10,591)
<b>Gross profit</b>		<b>7,887</b>	<b>6,783</b>
Distribution costs		(3,737)	(2,986)
Administrative expenses		(1,896)	(1,356)
<b>Operating profit</b>	<b>4</b>	<b>2,254</b>	<b>2,441</b>
Interest payable and similar expenses	8	(55)	(39)
<b>Profit before taxation</b>		<b>2,199</b>	<b>2,402</b>
Tax on profit	9	(62)	(48)
<b>Profit for the financial year</b>		<b>2,137</b>	<b>2,354</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## DIGITAL PROJECTION LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 DECEMBER 2019*

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	2019 £000	2018 £000
Profit for the year	2,137	2,354
Other comprehensive income		
Actuarial (loss)/gain on defined benefit pension schemes	(42)	519
Total comprehensive income for the year	<u>2,095</u>	<u>2,873</u>

# DIGITAL PROJECTION LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019	2018
	Notes	£000	£000
<b>Fixed assets</b>			
Tangible assets	10	308	363
Investments	11	1	1
		<u>309</u>	<u>364</u>
<b>Current assets</b>			
Stocks	12	2,525	2,167
Debtors	13	18,823	2,383
Cash at bank and in hand		584	300
		<u>21,932</u>	<u>4,850</u>
<b>Creditors: amounts falling due within one year</b>	14	(6,765)	(12,339)
<b>Net current assets/(liabilities)</b>		<u>15,167</u>	<u>(7,489)</u>
<b>Total assets less current liabilities</b>		<u>15,476</u>	<u>(7,125)</u>
<b>Net assets excluding pension surplus/(deficit)</b>		15,476	(7,125)
<b>Defined benefit pension surplus/(deficit)</b>	16	171	(120)
<b>Net assets/(liabilities)</b>		<u><u>15,647</u></u>	<u><u>(7,245)</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	43	43
Share premium account	18	4,259	4,259
Other reserves	19	29,603	8,806
Profit and loss reserves	20	(18,258)	(20,353)
<b>Total equity</b>		<u><u>15,647</u></u>	<u><u>(7,245)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 18 September 2020 and are signed on its behalf by:

M Hao  
Director

Company Registration No. 03287264

# DIGITAL PROJECTION LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£000	£000	£000	£000	£000
<b>Balance at 1 January 2018</b>	43	4,259	8,806	(23,226)	(10,118)
<b>Year ended 31 December 2018:</b>					
Profit for the year	-	-	-	2,354	2,354
Other comprehensive income:					
Actuarial gains on defined benefit plans	-	-	-	519	519
Total comprehensive income for the year	-	-	-	2,873	2,873
<b>Balance at 31 December 2018</b>	43	4,259	8,806	(20,353)	(7,245)
<b>Year ended 31 December 2019:</b>					
Profit for the year	-	-	-	2,137	2,137
Other comprehensive income:					
Actuarial gains on defined benefit plans	-	-	-	(42)	(42)
Total comprehensive income for the year	-	-	-	2,095	2,095
Capital contribution	-	-	20,797	-	20,797
<b>Balance at 31 December 2019</b>	43	4,259	29,603	(18,258)	15,647

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

Digital Projection Limited ('the Company') is a private Company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Greenside Way, Middleton, Manchester, M24 1XX. The registered number of the company is 03287264.

The principal activity of the Company continues to be the research, design, manufacture and sale of electronic video projectors based upon DLP™ technology jointly developed with Texas Instruments. The Company's headquarters are in Middleton, Manchester where products are developed. The Company's sales are made world-wide.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following accounting policies have been applied consistently in the current and prior year in dealing with items which are considered material in relation to the Company's financial statements. The financial statements have been prepared, using United Kingdom accounting standards.

#### Exemptions for qualifying entities under FRS 102

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Digital Projection International Limited. These consolidated financial statements are available from its registered office; Greenside Way, Middleton, Manchester, M24 1XX.



# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

In carrying out their assessment in respect of going concern, the directors have carried out a review of the Group's and the Company's financial position and cash flow forecast for a period of 12 months from the date of approval of these financial statements. The forecasts have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

To assess the liquidity and solvency of the Group and Company the directors regularly review the cash flows both in the short and medium term, have a thorough approach to managing the working capital and hold regular reviews with each operating unit in the country of operation, which includes an assessment of any bad debt risk or inventory obsolescence concerns. This is supported by regular monitoring of key performance indicators.

The Group's and the Company's ability to continue as a going concern depends on the principle trading subsidiary Digital Projection Limited ("DPL") being able to respond to market trends and to capture new business opportunities arising in the projection market. The business continues to evolve in response to customers' needs, in particular applying products and technologies across the different customer base with value added solutions.

Post balance sheet, the global economy has been affected by the Coronavirus pandemic. This has had an impact on manufacturing and supply of products, and customer demand. At the time of approving the financial statements the full impact of the Corona virus pandemic on the UK and Global economy is uncertain and the effect, both immediate and long term, this may have on the company, its customers and suppliers is unknown. The Directors continue to monitor the situation and the effect this has on liquidity and solvency and consider the mitigation of the negative impact the pandemic may have through use of Government measures to provide added financial support.

The Company is now wholly owned by Delta International Holding Limited who provide financial support to the company and the group through favourable trading arrangements and extended payment terms. The directors report to the larger group and whilst they have a reasonable expectation that the group will continue to support Digital Projection International Limited and its subsidiaries, the support is not guaranteed and this indicates the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern.

The Group and Company continue to meet financial obligations as they fall due and taking all relevant matters into consideration the Directors have a reasonable expectation that the Group and the Company can continue to operate and accordingly they have presented financial statements on a going concern basis.

#### 1.3 Turnover

The company manufactures an extensive and expanding line of ultra high-performance 3-chip and single-chip DLP® projection systems. Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

The company provides extended warranties and maintenance of its goods sold. Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term Leasehold improvement	33.3% per annum
Plant and machinery	20% per annum
Fixtures, fittings, tools and equipment	8-33.3% per annum

Provision is made for any impairment in the carrying value of property, plant and equipment as the directors consider appropriate.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income statement.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Inventories and work in progress are stated at the lower of cost and estimated selling price less costs to sell. Estimated selling price less costs to sell is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Inventories are recognised as an expense in the period in which the related revenue is recognised. Provision is made for obsolete, slow-moving or defective items where appropriate.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

i. i. Inventories are valued at latest invoice price plus shipping and transport costs inclusive duty etc.

ii Inventories are written down at set percentages dependant on the length of time in inventory, up to a maximum of 100% write-down if over 12 months old.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The Company has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *(i) Financial assets*

Basic financial assets, including trade and other trade receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other trade payables and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivatives financial instruments. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### *(iii) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 1.12 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### **Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### **Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.13 Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangement, defined contribution plan and defined benefit pension plans.

##### *(i) Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *(ii) Defined contribution pension plan*

The Company currently operates a defined contribution plan, and there are no further liabilities on the Company beyond the contributions made. The assets of the scheme are held separately from the Company and are administered by trustees and managed professionally. For defined contribution schemes, the amount charged to the income statement in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

##### *(iii) Defined benefit pension plan*

For defined benefit pension schemes, scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities.

Full actuarial valuations are obtained at least every three years with an adjustment for employee demographics annually and are updated at each reporting date. The resulting surplus or deficit, net of taxation thereon, is presented under trade payables in statement of financial position.

The service cost of providing pension benefits to employees for the period is charged to the income statement. The cost of making improvements to pension and benefits is recognised in the income statement on a straight-line basis over the period during which the increase in benefits vests. To the extent that the improvements in benefits vest immediately, the cost is recognised immediately. These costs are recognised as an operating expense.

A charge representing the unwinding of the discount on the scheme liabilities during the period is included within other finance expense.

A credit representing the expected return on the scheme assets during the period is included within other finance expense. This credit is based on the market value of the scheme assets, and expected rates of return, at the beginning of the period.

Actuarial gains and losses may result from: differences between the expected return and the actual return on scheme assets; differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the period; or changes in the actuarial assumptions used in the valuation of the scheme liabilities. Actuarial gains and losses, and taxation thereon, are recognised in the statement of other comprehensive income.

In addition, the company provides unfunded pensions for four former employees, which are valued on a similar basis.

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.14 Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### *(i) Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

##### *(ii) Lease incentives*

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2015) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

#### 1.15 Foreign exchange

##### *(i) Functional and presentation currency*

The financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentational currency is the pound sterling

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### 1.16 Short term borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest method.



## DIGITAL PROJECTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- *Useful economic lives of property plant and equipment*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property, plant and equipment, and accounting policies point (j) for the useful economic lives for each class of assets.

- *Defined benefit pension scheme*

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

- *Carrying values of Property, plant and equipment and Inventories*

The carrying values of property, plant and equipment, and inventories are assessed on a continual basis and amended to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Inventories are evaluated to ensure that they are carried at the lower of cost or net realisable value and are written down depending on the length of time held.

- *Warranty provision*

Provision is made in the accounts for the estimated costs of warranty claims that may be made in relation to goods sold. The level of the provision is reviewed annually based on experience of the actual warranty claims made on recent sales over the previous 3 years, being the average length of warranty given.

- *Going concern*

In assessing the going concern basis of preparing annual accounts, the Directors prepare profit and cash flow forecasts for a period of at least 12 months after the date of signing the accounts. The going concern basis was deemed suitable after taking account of bank facilities plus the continuing support of group holding companies.

## DIGITAL PROJECTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

#### 3 Turnover and other revenue

Reporting of revenue by geographical analysis of markets and profit before income tax by geographical area has not been provided. In the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company due to the commercial sensitivity of the information, and the available exemption under Companies Act SI 2008/410 Paragraph 68 has therefore been taken.

#### 4 Operating profit

	2019	2018
Operating profit for the year is stated after charging/(crediting):	£000	£000
Exchange gains	(440)	(880)
Research and development costs	(153)	(245)
Depreciation of owned tangible fixed assets	131	134
(Profit)/loss on disposal of tangible fixed assets	-	1
Operating lease charges	240	226
	<u>          </u>	<u>          </u>

#### 5 Auditor's remuneration

	2019	2018
Fees payable to the company's auditor and associates:	£000	£000
<b>For audit services</b>		
Audit of the financial statements of the company	30	28
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Taxation compliance services	6	6
	<u>          </u>	<u>          </u>

#### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Production and Research and Development	27	28
Sales and distribution	14	14
Administration	6	5
	<u>          </u>	<u>          </u>
Total	47	47
	<u>          </u>	<u>          </u>

## DIGITAL PROJECTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2019	2018
		£000	£000
	Wages and salaries	3,086	2,215
	Social security costs	239	287
	Pension costs	173	233
		<u>3,498</u>	<u>2,735</u>
		<u><u>3,498</u></u>	<u><u>2,735</u></u>
7	Directors' remuneration		
		2019	2018
		£000	£000
	Remuneration for qualifying services	215	215
		<u>215</u>	<u>215</u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		2019	2018
		£000	£000
	Remuneration for qualifying services	215	215
		<u>215</u>	<u>215</u>
8	Interest payable and similar expenses		
		2019	2018
		£000	£000
	Other interest on financial liabilities	19	18
	Net interest on the net defined benefit liability	(20)	(1)
	Other interest	56	22
		<u>55</u>	<u>39</u>
		<u><u>55</u></u>	<u><u>39</u></u>
9	Taxation		
		2019	2018
		£000	£000
	Current tax		
	UK corporation tax on profits for the current period	62	48
		<u>62</u>	<u>48</u>
		<u><u>62</u></u>	<u><u>48</u></u>

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £000	2018 £000
Profit before taxation	2,199	2,402
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	418	456
Change in unrecognised deferred tax assets	(346)	(406)
Permanent capital allowances in excess of depreciation	-	(2)
Other permanent differences	(10)	-
Taxation charge for the year	62	48

### 10 Tangible fixed assets

	Short-term Leasehold improvement £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
<b>Cost</b>				
At 1 January 2019	273	286	817	1,376
Additions	5	-	71	76
At 31 December 2019	278	286	888	1,452
<b>Depreciation and impairment</b>				
At 1 January 2019	212	261	540	1,013
Depreciation charged in the year	19	14	98	131
At 31 December 2019	231	275	638	1,144
<b>Carrying amount</b>				
At 31 December 2019	47	11	250	308
At 31 December 2018	61	24	278	363

### 11 Fixed asset investments

	Notes	2019 £000	2018 £000
Investments in subsidiaries		1	1

## DIGITAL PROJECTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

#### 11 Fixed asset investments

(Continued)

The investment in subsidiaries represents 100% of the issued ordinary share capital of Digital Projection Inc, a company registered in USA. The principal activity of the subsidiary is the sale and marketing of electronic video projectors. Its registered office is 55 Chastain Road, Suite 115, Kennesaw, Georgia, GA 30144, USA.

The directors believe that the carrying value of the investment is satisfied by the net assets of the subsidiary.

#### Movements in fixed asset investments

	Shares in group undertakings
	£000
<b>Cost or valuation</b>	
At 1 January 2019 & 31 December 2019	1
<b>Carrying amount</b>	
At 31 December 2019	1
At 31 December 2018	1

#### 12 Stocks

	2019 £000	2018 £000
Raw materials and consumables	1,628	1,682
Finished goods and goods for resale	897	485
	<u>2,525</u>	<u>2,167</u>

In the opinion of the directors, the value of stock is not materially different from replacement cost.

#### 13 Debtors

	2019 £000	2018 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,649	571
Corporation tax recoverable	-	74
Amounts owed by group undertakings	15,462	-
Other debtors	1,398	1,404
Prepayments and accrued income	314	334
	<u>18,823</u>	<u>2,383</u>

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 14 Creditors: amounts falling due within one year

	Notes	2019 £000	2018 £000
Bank loans	15	2,275	2,349
Trade creditors		1,118	331
Amounts owed to group undertakings		-	7,222
Other creditors		2,959	2,146
Accruals and deferred income		413	291
		<u>6,765</u>	<u>12,339</u>

Amounts owed to group undertakings are not interest bearing.

### 15 Loans and overdrafts

	2019 £000	2018 £000
Bank loans	<u>2,275</u>	<u>2,349</u>
Payable within one year	<u>2,275</u>	<u>2,349</u>

The short term borrowings are secured on all the assets of the company, and are repayable on demand. (2018: same)

### 16 Retirement benefit schemes

Defined contribution schemes	2019 £000	2018 £000
Charge to profit or loss in respect of defined contribution schemes	<u>173</u>	<u>160</u>

The Company currently operates defined contribution plans, and there are no further liabilities on the Company beyond the contributions made. During the year the Company made contributions to the defined contributions plan of £173,000 (2018: £160,000). The assets of the schemes are held separately from the Company and are administered by trustees and managed professionally.

### Unfunded liabilities

Some defined payments are made to retired employees that are not funded within the pension schemes. Provision is made in the statement of financial position for the present value of these unfunded amounts.

	Liabilities £000
At 1 January 2019	(730)
Interest expense	(19)
Benefits paid	35
Actuarial gains	<u>(43)</u>
At 31 December 2019	<u>(757)</u>

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Retirement benefit schemes

(Continued)

#### Defined benefit schemes

The Company also operated a UK registered trust based pension scheme that provides defined benefits. No benefits have accrued since 31 December 2007. Pension benefits are linked to the members' final pensionable salaries and service at the date accrual ceased (or date of leaving if earlier). The Trustees are responsible for running the Plan in accordance with the Plan's Trust deed and Rules, which sets out their powers. The Trustees of the Plan are required to act in the best interests of the beneficiaries of the Plan.

Some defined payments are made to retired employees that are not funded within the pension schemes. Provision is made in the statement of financial position for the present value of these unfunded amounts.

The information provided below in respect of the defined benefit plan has been prepared by an independent actuary. The most recent formal actuarial valuation was carried out at 5 April 2017, and the results have been updated to 31 December 2019 by the actuary. The key assumptions used were as follows:

	2019	2018
	%	%
<i>Key assumptions</i>		
Discount rate	1.9	2.4
Expected rate of increase of pensions in payment	2.9	3
Expected rate of salary increases	2.1	2.1
Retail Prices Index (RPI) inflation	2.8	3.1
Consumer Prices Index (CPI) inflation	2.0	2.1
	=====	=====
<i>Mortality assumptions</i>	2019	2018
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	22.1	22.6
- Females	24.0	24.5
	=====	=====
Retiring in 20 years		
- Males	23.4	24
- Females	25.5	26
	=====	=====
	2019	2018
	£000	£000
<i>Amounts recognised in the profit and loss account</i>		
Net interest on net defined benefit liability/(asset)	(1)	(1)
Other costs and income	29	135
	=====	=====
Total costs	28	134
	=====	=====

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Retirement benefit schemes

(Continued)

	2019 £000	2018 £000
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(652)	(175)
Less: calculated interest element	171	146
Return on scheme assets excluding interest income	(481)	(29)
Actuarial changes related to obligations	439	(490)
Total costs/(income)	(42)	519

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2019 £000	2018 £000
Present value of defined benefit obligations	6,093	5,712
Fair value of plan assets	(7,021)	(6,322)
(Surplus)/deficit in scheme	928	610

#### *Movements in the present value of defined benefit obligations*

	2019 £000
Liabilities at 1 January 2019	5,712
Benefits paid	(209)
Actuarial gains and losses	439
Interest cost	151
At 31 December 2019	6,093

#### *The defined benefit obligations arise from plans funded as follows:*

	2019 £000
Wholly unfunded obligations	(757)
Wholly or partly funded obligations	(6,093)
	6,850



# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Retirement benefit schemes (Continued)

		<b>2019</b>	
		<b>£000</b>	
<i>Movements in the fair value of plan assets</i>			
Fair value of assets at 1 January 2019		6,322	
Interest income		171	
Return on plan assets (excluding amounts included in net interest)		481	
Benefits paid		(209)	
Contributions by the employer		285	
Other		(29)	
At 31 December 2019		7,021	
		<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>
<i>Fair value of plan assets at the reporting period end</i>			
Cash	76	89	
Diversified growth funds	4,008	3,540	
Liability driven investments	2,937	2,693	
	7,021	6,322	

#### Future funding obligation

Until the closure of the scheme on 31 December 2007, contributions were paid into the Plan at the rate of 40% of pensionable pay by the employer and at 3.3% of pensionable pay (on average) by the employees. The Plan is a closed scheme both to new entrants and, as from 31 December 2007, to future service benefits for current members. Therefore under the projected unit method the current service cost would be expected to increase as members approach retirement. As the scheme is closed there is no set future contribution rate on employees' pensionable pay, but the employer will make contributions to the Plan in order to reduce the scheme deficit over time.

The Trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Plan was performed by the Actuary for the Trustees as at 5 April 2017. The valuation revealed a funding shortfall of £400,000. The Company agreed to pay £18,750 per month from 1 July 2018 to 28 February 2019. In addition the Company will pay £60,000 per annum to cover administration expenses. The company therefore expects to pay £97,500 to the plan during the accounting year beginning 1 January 2019.

### 17 Share capital

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
43,118 ordinary shares of £1 each	43	43

All shares rank pari passu for voting purposes and distributions.

# DIGITAL PROJECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 18 Share premium account

	2019 £000	2018 £000
At the beginning and end of the year	4,259	4,259

### 19 Other reserves

	£000	£000	Total £000
At the beginning of the prior year	8,806	-	8,806
At the end of the prior year	8,806	-	8,806
Capital contribution	-	20,797	20,797
At the end of the current year	8,806	20,797	29,603

The increase in Other reserves of £20,797,000 arose from a waiver of balances with group undertakings.

### 20 Profit and loss reserves

	2019 £000	2018 £000
At the beginning of the year	(20,353)	(23,226)
Profit for the year	2,137	2,354
Actuarial differences recognised in other comprehensive income	(42)	519
At the end of the year	(18,258)	(20,353)

### 21 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £000	2018 £000
Within one year	130	128
Between two and five years	329	344
In over five years	524	627
	983	1,099

### 22 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

## **DIGITAL PROJECTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **22 Related party transactions**

**(Continued)**

As a subsidiary undertaking of Digital Projection International Limited, the company has taken advantage of the exemption under the terms of paragraph 33.1A of FRS 102 in not disclosing transactions with other wholly-owned companies within the group.

During the current financial year the company purchased goods and services in the ordinary course of business from associated companies totalling £10,477,673 (2018: £7,063,797). Sales of goods were also made to associated companies in the amount of £2,038,705 (2018: £7,014,248).

Amounts owed from associate companies at the year-end totalled £364,320 (2018: nil). Amounts due to associated companies at year end totalled £1,824,665 (2018: £872,618).

#### **23 Ultimate controlling party**

The immediate parent company is Digital Projection Holdings Limited.

In the opinion of the directors, the company's ultimate parent company and controlling party is Delta International Holding Limited following its purchase of shares from Luxeon International Holding Limited, a company incorporated in British Virgin Islands. The parent undertaking of the largest and smallest group, which includes the company for which group accounts are prepared is Digital Projection International Limited. Copies of the group financial statements of Digital Projection International Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.